JEP HOLDINGS LTD.
(Formerly known as Alantac Technology Ltd.)
(the "**Company**")
(Registration No. 199401749E)
(Incorporated in the Republic of Singapore on 12 March 1994)

Half Year Financial Statement and Dividend Announcement for the Period Ended 30 June 2016

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	Increase/ (Decrease)
	S$'000	S$'000	%
	(Unaudited)	(Unaudited)	
Continuing operations			
Revenue	35,549	28,469	24.8
Cost of sales	(31,657)	(25,541)	23.9
Gross Profit	3,892	2,928	32.9
Other items of income			
Other operating income	862	879	(1.9)
Other items of expense			
Selling and distribution expenses	(957)	(638)	50.0
Administrative expenses	(4,127)	(2,160)	91.1
Finance costs	(369)	(358)	3.1
(Loss)/profit before tax from continuing operations	(699)	651	N.M.
Tax credit/(expenses)	443	(62)	N.M.
(Loss)/profit after tax from continuing operations for the period	**(256)**	**589**	N.M.
Discontinued operation			
Profit from discontinued operation, net of tax	-	*	N.M.
(Loss)/profit for the period, net of tax	**(256)**	**589**	N.M.
Other comprehensive (expense)/income after tax:			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences	(1)	(1)	0.0
Total comprehensive (expense)/income for the period	**(257)**	**588**	N.M.

* Represents amounts less than S$1,000

	6 Months Ended 30 June 2016	6 Months Ended 30 June 2015	Increase/ (Decrease)
	S$'000	S$'000	%
	(Unaudited)	(Unaudited)	
(Loss)/profit for the period attributable to:			
Equity owners of the Company	(236)	563	N.M.
Non-controlling interests	(20)	26	N.M.
	(256)	**589**	N.M.
Total comprehensive (expense)/income for the period attributable to:			
Equity owners of the Company	(236)	562	N.M.
Non-controlling interests	(21)	26	N.M.
	(257)	**588**	N.M.

1(a)(ii) Notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:

Profit/(loss) before tax from operations is derived after charging/(crediting) the following:

The Group	6 months ended 30 June 2016	6 months ended 30 June 2015	Increase / (Decrease)
	S$'000	S$'000	%
	(Unaudited)	(Unaudited)	
Amortisation of intangible assets	487	212	129.7
Gain on disposal of property, plant and equipment	(14)	(110)	(87.3)
Amortisation of gain on sale & leaseback	(265)	(265)	0.0
Foreign exchange loss/(gain)	833	(30)	N.M.
Interest expense	369	358	3.1
Depreciation of property, plant and equipment	1,875	1,840	1.9

N.M. = not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	30.6.2016	**31.12.2015**	**30.6.2016**	**31.12.2015**
	S$'000	**S$'000**	**S$'000**	**S$'000**
	(Unaudited)	**(Audited)**	**(Unaudited)**	**(Audited)**
ASSETS				
Non-current assets:				
Property, plant and equipment	35,672	30,548	2	5
Investment in subsidiaries	-	-	50,637	50,637
Goodwill on consolidation	17,629	17,629	-	-
Intangible assets	1,697	2,184	-	-
Deferred tax assets	306	306	306	306
	55,304	**50,667**	**50,945**	**50,948**
Current assets:				
Inventories	12,691	13,459	-	-
Trade receivables	16,187	13,193	-	-
Other receivables	950	852	-	-
Deposits and prepaid operating expenses	649	964	22	8
Amount due from subsidiary	-	-	1,311	966
Cash and bank balances	2,319	3,139	48	287
	32,796	31,607	1,381	1,261
Assets of disposal group classified as held for sale	36	37	-	-
	32,832	**31,644**	**1,381**	**1,261**
Total assets	**88,136**	**82,311**	**52,326**	**52,209**
EQUITY AND LIABILITIES				
Current liabilities:				
Trade payables	7,885	6,745	-	-
Other payables and accruals	4,760	7,079	197	204
Amount due to subsidiary	-	-	356	856
Obligations under finance leases	862	4,719	-	-
Loans and borrowings	8,210	4,558	-	-
	21,717	**23,101**	**553**	**1,060**
Non-current liabilities:				
Contingent consideration and provision	3,853	3,849	3,564	3,564
Obligations under finance leases	1,314	899	-	-
Loans and borrowings	18,199	10,709	-	-
Amount due to subsidiary	-	-	1,851	1,851
Deferred tax liabilities	1,603	2,046	-	-
Deferred income	432	432	-	-
	25,401	**17,935**	**5,415**	**5,415**
Total liabilities	**47,118**	**41,036**	**5,968**	**6,475**
Net current assets	**11,115**	**8,543**	**828**	**201**
Net assets	**41,018**	**41,275**	**46,358**	**45,734**

	The Group		The Company	
	30.6.2016	31.12.2015	30.6.2016	31.12.2015
	S$'000	S$'000	S$'000	S$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Equity attributable to owners of the Company				
Share capital	37,834	37,834	37,834	37,834
Capital reserve	247	247	247	247
Retained profits	573	808	8,277	7,653
Translation reserves	(196)	(195)	-	-
	38,458	**38,694**	**46,358**	**45,734**
Non-controlling interests	2,560	2,581	-	-
Total equity	**41,018**	**41,275**	**46,358**	**45,734**
Total equity and liabilities	**88,136**	**82,311**	**52,326**	**52,209**

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

(A) the amount repayable in one year or less, or on demand:

As at 30/06/2016 S$'000 (Unaudited)		**As at 31/12/2015** S$'000 (Audited)	
Secured	Unsecured	Secured	Unsecured
2,456	6,616	5,535	3,742

(B) the amount repayable after one year:

As at 30/06/2016 S$'000 (Unaudited)		**As at 31/12/2015** S$'000 (Audited)	
Secured	Unsecured	Secured	Unsecured
19,479	34	11,544	64

(C) whether the amounts are secured or unsecured; and

(D) details of any collaterals.

As at 30 June 2016 the Group's finance leases and bank term loans are secured as follows:

1) Finance leases amounting to S$2.1 million (31 December 2015: S$5.5 million) are secured by certain of the Group's production equipment.

2) Bank term loan amounting to S$19.9 million (31 December 2015: S$11.5 million) is secured by the property, plant and equipment of subsidiaries.

As at 30 June 2016 the Group's finance leases and bank term loans are unsecured as follows:

1) A revolving credit facility of S$6.5 million (31 December 2015: S$3.7 million) is unsecured.

2) A finance lease liability of S$0.1 million (31 December 2015: S$0.1 million) is unsecured.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	6 Months Ended 30 June 2016 S$'000 (Unaudited)	6 Months Ended 30 June 2015 S$'000 (Unaudited)
Cash Flows from Operating Activities		
(Loss)/profit before tax from continuing operations	(699)	651
Profit before tax from discontinued operation	-	*
(Loss)/profit before tax, total	(699)	651
Adjustments for:		
Depreciation of property, plant and equipment	1,875	1,840
Amortisation of intangible assets	487	212
Gain on disposal of property, plant and equipment	(14)	(110)
Amortisation of gain on sale & leaseback	(265)	(265)
Interest expense	369	358
Interest income	*	*
Bad debts written-back	(21)	-
Obsolete inventories written-off/(back)	10	(17)
Operating cash flows before working capital change	1,742	2,669
Decrease/(Increase) in		
- inventories	759	215
- trade receivables	(2,973)	(1,359)
- other receivables, deposits and prepayments	341	53
(Decrease)/increase in		
- trade payables	1,140	(38)
- other payables and accruals	(1,899)	(760)
Cash (used in)/generated from operations	(890)	780
Interest expenses paid	(369)	(358)
Interest income received	*	*
Tax paid	(152)	-
Net cash (used in)/generated from operating activities	(1,411)	422
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(1,068)	(1,218)
Proceeds from disposal of property, plant and equipment	16	-
Net cash used in investing activities	(1,052)	(1,218)

* Represents amount less than S$1,000

	6 Months Ended 30 June 2016 S$'000 (Unaudited)	6 Months Ended 30 June 2015 S$'000 (Unaudited)
Cash Flows from Financing Activities		
Obligations under finance leases	(800)	(1,395)
Bank borrowings obtained	3,121	4,898
Repayment of bank borrowings	(678)	(4,000)
Net cash generated from/(used in) financing activities	1,643	(497)
Net decrease in cash and bank balances	(820)	(1,293)
Currency translation differences	(1)	*
Cash and bank balances at beginning of period	3,176	2,990
Cash and bank balances at end of period	2,355	1,697

* Represents amount less than S$1,000

Cash and bank balances at end of period

Cash and bank balances	2,319	1,964
Less: Bank overdraft	-	(305)
- Continuing operations	2,319	1,659
- Discontinued operation	36	38
	2,355	1,697

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity for the period ended 30 June 2016

	<--------- Attributable to equity holders of the Company ----------->						
The Group	**Share capital**	**Capital reserves**	**Translation reserve**	**Retained profits**	**Total attributable to equity holders of the Company**	**Non-controlling interests**	**Total**
(Unaudited)	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2015	34,163	247	(194)	748	34,964	2,812	37,776
Net profit for the period	-	-	-	563	563	26	589
Currency translation differences	-	-	(1)	-	(1)	*	(1)
Total comprehensive income/(expense) for the period	-	-	(1)	563	562	26	588
Balance at 30 June 2015	34,163	247	(195)	1,311	35,526	2,838	38,364
Balance at 1 January 2016	37,834	247	(195)	808	38,694	2,581	41,275
Net loss for the period	-	-	-	(235)	(235)	(21)	(256)
Currency translation differences	-	-	(1)	-	(1)	*	(1)
Total comprehensive expense for the period	-	-	(1)	(235)	(236)	(21)	(257)
Balance at 30 June 2016	37,834	247	(196)	573	38,458	2,560	41,018

* Represents amount less than S$1,000

The Company	**Share capital**	**Capital reserves**	**Retained profits**	**Total**
(Unaudited)	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2015	34,163	247	6,238	40,648
Total comprehensive income for the period	-	-	145	145
Balance at 30 June 2015	34,163	247	6,383	40,793
Balance at 1 January 2016	37,834	247	7,653	45,734
Total comprehensive income for the period	-	-	624	624
Balance at 30 June 2016	37,834	247	8,277	46,358

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

As at 30 June 2016, the Company had a total issued share capital of S$37,833,962. The number of shares is 1,048,973,266 ordinary shares.

There was no change to the Company's share capital since 31 December 2015.

The Company did not have any treasury shares or outstanding convertibles as at 30 June 2016 and 31 December 2015.

1(d)(iii)To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares as at 30 June 2016 was 1,048,973,266 shares (31 December 2015: 1,048,973,266 shares).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no shares held as treasury shares as at 30 June 2016 (31 December 2015: Nil).

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5, the accounting policies have been consistently applied by the Group and the Company and are consistent with the audited financial statements as at 31 December 2015.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

In the current period, the Group and the Company adopted the amended Financial Reporting Standards ("FRS") and the Interpretations to FRS ("INT FRS") that are mandatory for annual periods beginning on and after 1 January 2016. Changes to the Group's and the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

The adoption of these amended FRS and INT FRS did not result in substantial changes to the Group's and the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial periods.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	30 June 2016 (Unaudited)	30 June 2015 (Unaudited)
i) based on the weighted average number of ordinary shares on issue, and	(0.02 cents)	0.06 cents
ii) on a fully diluted basis	(0.02 cents)	0.06 cents
Weighted average number of ordinary shares on issue applicable to basic earnings per share	1,048,973,266	970,726,691

Note:
Basic earnings/(loss) per share is computed by dividing net loss for the period of S$235,809 (2015: net profit of S$563,334) by the weighted average number of 1,048,973,266 shares (2015: 970,726,691 shares) in issue during the period.

Diluted earnings/(loss) per share is computed by dividing net loss for the period of S$235,809 (2015: net profit of S$563,334) by the weighted average number of 1,048,973,266 shares (2015: 970,726,691 shares) in issue during the period.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	30 June 2016 (Unaudited)	31 December 2015 (Audited)	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Net assets value, net of non-controlling interests (S$)	38,457,801	38,694,284	46,358,303	45,733,752
Net assets per ordinary share at end of financial period	3.7 cents	3.7 cents	4.4 cents	4.4 cents

Note:
Net assets per ordinary share as at 30 June 2016 and 31 December 2015 were computed by dividing the net assets, net of non-controlling interests, of S$38,457,801 for the Group and S$46,358,303 for the Company (2015: S$38,694,284 for Group and S$45,733,752 for Company) by the number of shares in issue (excluding treasury shares) of 1,048,973,266 shares (2015: 1,048,973,266 shares) respectively.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Performance Review

Note: all figures rounded to the nearest single decimal point.

Continuing operations

Group revenue for HY2016 was S$35.5 million, an increase of S$7.0 million or 24.8% as compared to S$28.5 million in HY2015. Aerospace continued to be the main contributor to the Group's revenue, generating S$19.1 million in revenue in HY2016, comprising 53.8% of total Group revenue. The other major contributor was the trading segment which contributed S$8.3 million or 23.4% of the total Group revenue. The equipment manufacturing segment contributed S$4.2 million or 11.8% and the oil and gas segment recorded S$2.4 million or 6.8% of total Group revenue respectively. The electronics and precision machining segments collectively contributed S$1.5 million or 4.2% of the total Group revenue.

Cost of sales increased by S$6.2 million from S$25.5 million in HY2015 to S$31.7 million in HY2016. The increase of S$6.2 million was mainly due to increase in purchase costs of non-consigned raw materials costs of S$1.6 million in tandem with the increase in revenue in the aerospace segment, and the inclusion of JEP Industrades Pte Ltd's ("JEPI") cost of sales of S$6.5 million in HY2016 as compared to HY2015. The increase was partially offset by a reduction of S$0.8 million in subcontract works, S$0.3 million in consumable tooling costs, S$0.4 million in direct labour overtime payment, S$0.2 million in related labour staff wages, allowances and CPF contributions and S$0.3 million in factory overhead.

Gross profit margin increased from 10.3% in HY2015 to 10.9% in HY2016. The increase was mainly due to positive contribution from the trading segment by the subsidiary, JEPI, in HY2016.

Other operating income remained relatively constant at S$0.9 million in both HY2016 and HY2015.

Selling and distribution expenses for HY2016 increased by S$0.3 million as compared to HY2015. The increase was mainly due to an inclusion of JEPI's staff payroll costs and related expenses of S$0.3 million in HY2016.

Administrative expenses increased by S$2.0 million compared to HY2015. The increase was mainly attributable to foreign exchange losses of S$0.8 million, of which S$0.6 million was incurred by JEPI and S$0.2 million by JEP Precision Engineering Pte Ltd ("JEPS"), an increase in amortisation of intangible assets of S$0.3 million, related staff salary, CPF contribution and bonuses of S$0.2 million and directors' remuneration and bonuses by S$0.2 million.

Finance costs remained relatively constant at S$0.4 million in both HY2016 and HY2015.

The Group recorded a tax credit of S$0.4 million in HY2016 as compared to tax expenses of S$0.1 million in HY2015. The tax credit in HY2016 was due to reduction of provision of deferred tax liabilities movement of S$0.4 million and a deferred tax provision relating to amortisation of customer relationships of S$0.1 million in the current period of a subsidiary, JEPS.

No allowance for doubtful debts was recorded for HY2016.

Amortisation of intangible assets increased by S$0.3 million compared to HY2015, from S$0.2 million to S$0.5 million. The increase was mainly attributable to the amortisation of the customer relationships over an estimated useful lifespan of 3 years in HY2016 instead of 6 years in HY2015.

Gain on disposal of property, plant and equipment of S$0.1 million in HY2016 was attributed to the assets disposed by JEPS during the period.

Foreign exchange loss of S$0.8 million was recorded in HY2016 as compared to exchange gain of S$0.1 million in HY2015. This was mainly due to the strengthening of the United States Dollars and Japanese Yen revaluation recorded in JEPS and JEPI, as well as the weakening of Chinese Yuan revaluation recorded in JEPI in HY2016.

Depreciation of property, plant and equipment remained relatively constant at S$1.9 million in both HY2016 and HY2015.

As a result of the above, a net loss from continuing operations of S$0.3 million was recorded in HY2016 as compared to a net profit of S$0.6 million in HY2015.

Discontinued operation

On 5 August 2013, the Company announced the decision of its board of directors to dissolve and liquidate JEP Precision Engineering Co. Ltd ("JEPT") which is 99.99% owned by JEPS. The assets and liabilities of JEPT were classified as disposal group held-for-sale on the balance sheet, and the results from JEPT were presented separately on the statement of comprehensive income as "Discontinued operation". To facilitate a smooth dissolution and liquidation process, JEPT will be dormant for a period of approximately 2 to 3 years before the commencement of such dissolution and liquidation process. The liquidation process of JEPT commenced in February 2015.

There is no expense incurred by JEPT for the first six months ended 30 June 2016, detailed as below:

	6 Months Ended 30 June 2016 S$'000 (Unaudited)	**6 Months Ended 30 June 2015 S$'000** (Unaudited)
Discontinued operation		
Other items of income		
Other operating income	-	*
Other items of expense		
Administrative expenses	-	*
Profit before tax	-	*
Taxation	-	-
Profit from discontinued operation, net of tax	-	*

* Represents amount less than S$1,000

Taking into account the discontinued operation, the Group recorded a net loss of S$0.3 million in HY2016 as compared to a net profit of S$0.6 million in HY2015.

Balance Sheet

The Group's property, plant and equipment was S$35.7 million in HY2016 as compared to S$30.5 million in FY2015. The increase of S$5.2 million was due to capital expenditure of S$7.1 million, of which S$5.7 million was incurred for SAP assets under construction, S$0.9 million for the procurement of machines and S$0.1 million for computer hardware by JEPS, and machinery equipment of S$0.4 million by Dolphin Engineering Pte Ltd ("DEPL"). The increase was offset by depreciation charge of S$1.9 million during the financial period.

Goodwill on consolidation of S$17.6 million arose from the acquisition of JEPS, JEPI and DEPL, of which S$11.4 million is attributable to JEPS, S$0.9 million (provisional amount) to JEPI and the remaining S$5.3 million to DEPL.

Intangible assets, relating to customer relationships arising from the acquisition of JEPS and JEPI, decreased by S$0.5 million due to amortisation costs incurred during HY2016.

Compared to FY2015, current assets increased by S$1.2 million. Inventories decreased by S$0.8 million, mainly due to a decrease in the purchase of raw material of S$1.2 million and finished goods stock of S$0.4 million which were offset by an increase in work-in-progress of S$0.7 million and consumable tooling of S$0.1 million. Trade receivables increased by S$3.0 million as compared with FY2015, with the trade receivables increase of S$0.8 million by JEPS, S$1.7 million by JEPI and S$0.5 million by DEPL in HY2016. Other receivables increased by S$0.1 million largely due to an increase in GST input tax receivable of S$0.1 million by JEPS in HY2016 as compared to FY2015. Deposits and prepaid operating expenses decreased by S$0.3 million mainly due to a reduction on non-consigned raw material advance payment of S$0.3 million by JEPS in HY2016. Cash and bank balances decreased by S$0.8 million. The deduction in cash and bank balances was largely due to net cash outflow made for the SAP assets under construction by JEPS and procurement of machinery by JEPS and DEPL in HY2016.

Current liabilities for HY2016 decreased to S$21.7 million from S$23.1 million in FY2015. Trade payables increased by S$1.1 million from S$6.8 million in FY2015 to S$7.9 million in HY2016. A decrease in the trade payables of JEPS of S$1.8 million was offset by an increase in the trade payables of JEPI of S$2.6 million and DEPL of S$0.3 million, in tandem with increase in revenue. Other payables and accruals decreased by S$2.3 million, mainly due to a decrease in accruals payment to a vendor for construction costs of SAP's new building amounting to S$1.5 million, lower related staff bonuses' accrual of S$0.2 million, deferred income of S$0.2 million, tax payables of S$0.1 million and an exclusion of raw material purchase in-transit of S$0.4 million. These were offset by an increase in rejected aerospace material parts accrual cost of S$0.1 million in HY2016 as compared to FY2015.

Obligations under finance leases decreased by S$3.9 million as compared to FY2015, mainly due to refinancing of the finance lease into term loan of S$3.1 million of JEPS, and repayment of finance lease obligations of machinery of S$0.9 million of JEPS and DEPL respectively. The decrease was offset by an increase in finance lease of S$0.1 million by JEPI.

Loans and borrowings increased by S$3.6 million mainly due to trust receipt financing of S$1.6 million, advance receipt financing of S$1.5 million and refinancing of finance lease into term loan of S$0.8 million of JEPS. The increase was offset by a decrease of trust receipt financing of S$0.3 million of JEPI.

Non-current liabilities recorded a net increase of S$7.5 million in HY2016 compared to FY2015. It was due to:

1) increase in the obligations under finance leases of S$0.4 million in HY2016 as compared to FY2015 which was due to an increase in finance lease of S$0.2 million each by JEPI and DEPL respectively;

2) increase in loan borrowings of S$7.5 million which was due to term loan of S$5.6 million for the SAP's new building construction by JEPS, refinancing of the finance lease into term loan of S$2.3 million, which was offset by a decrease of repayment of S$0.4 million by DEPL; and

3) decrease in deferred tax liabilities of S$0.4 million due to deferred tax liabilities movements of S$0.4 million for JEPS in HY2016.

Overall, total Group obligations under finance leases and borrowings as at 30 June 2016 increased by S$7.7 million to S$28.6 million compared to S$20.9 million as at 31 December 2015.

Cash Flow

In HY2016, the Group generated a negative net cash flow of S$0.8 million and recorded S$2.4 million of cash and bank balances. Net cash flow used during the period was attributed to operating activities of S$1.4 million, investing activities of S$1.1 million and net cash generated from financing activities of S$1.6 million.

Net cash flow from operating activities recorded a cash outflow of S$1.4 million in HY2016 as compared to a cash inflow of S$0.4 million in HY2015. The decrease in cash inflow was mainly due to loss before tax of S$0.7 million (HY2015: profit before tax of S$0.7 million); and adjustment for non-cash items comprising depreciation of property, plant and equipment of S$1.9 million (HY2015: S$1.8 million) and amortisation of intangible assets of S$0.5 million (HY2015: S$0.2 million). This was offset by a net increase in working capital contributed by inventories of S$0.8 million (HY2015: S$0.2 million), trade receivables of S$3.0 million (HY2015: S$1.4 million), other receivables, deposits and prepayment of S$0.3 million (HY2015: S$0.1 million), trade payables of S$1.1 million (HY2015: net decrease of S$38,000) and other payables and accruals of S$1.9 million (HY2015: S$0.8 million).

Net cash used in investing activities was S$1.1 million in HY2016 as compared to S$1.2 million in HY2015, which was mainly due to the SAP assets under construction and procurement of machinery.

Net cash inflow generated from financing activities was S$1.6 million in HY2016 as compared to net cash outflow used of S$0.5 million in HY2015. The increase in net cash inflow was due to the net drawdown of term loan bank borrowings of S$1.5 million and a decrease in obligations under finance leases repayment of S$0.6 million in HY2016 as compared to HY2015.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Nil.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group expects the aerospace segment to continue being its engine of growth in the second half of 2016, underpinned by lower crude oil prices, growth in passenger travel demand, and an accelerated equipment replacement cycle. However, the Group's oil and gas segment will continue to be weighed down by the lower oil prices.

Construction of the new manufacturing facility at Seletar Aerospace Park is expected to be completed by the end of 2016, after which the Group will gradually relocate its equipment to this new factory so as not to disrupt production. This new facility has an 80% larger production area then the current facility, and operational synergies and economies of scale are expected to be achieved, through the consolidation of the Group's precision engineering facilities and corporate offices under one roof.

The Group is conscious of the financial market volatility, and will be monitoring the potential impact of currency fluctuations on the Group's financials. The Group will also continue examining ways to manage overhead costs, and aim to grow profitably amid the turbulent market conditions.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared recommended): and

None

(b) (i) Amount per share ….. cents

None

(ii) Previous corresponding period ….. cents

None

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable

(d) The date the dividend is payable

Not applicable

(e) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the 6 months ended 30 June 2016.

13. If the Group has obtained a general mandate from the shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from its shareholders for Interested Person Transactions.

14. Confirmation by the Board Pursuant to Rule 705(5)

We, Joe Lau and Soh Chee Siong, being two directors of the Company, do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for the half-year ended 30 June 2016 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirmed that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

On behalf of the Board of Directors

Name: Joe Lau Designation: Executive Chairman and Chief Executive Officer	Name: Soh Chee Siong Designation: Executive Director

Date: 10 August 2016

BY ORDER OF THE BOARD

Joe Lau
Executive Chairman and Chief Executive Officer
10 August 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd (the ***"Sponsor"****), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "****SGX-ST****"). The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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